



Written Testimony Before the Appropriations Committee

March 31, 2011

H.B. No. 6519 (RAISED) AN ACT CONCERNING MEDICAID SAVINGS

The bill would require the department, in consultation with the Commissioners of Mental Health and Addiction Services, Developmental Services and Children and Families, to study the state Medicaid program to identify any means by which the state may achieve savings in said program and report to the General Assembly by November 15, 2011.

Given the current fiscal climate, we understand the need to achieve savings wherever possible, particularly in Medicaid which represents such a large portion of the state budget. Recognizing this, on February 8, 2011, the Malloy/Wyman Administration announced that the Medicaid, HUSKY and Charter Oak programs will be restructured into an Administrative Services Organization (ASO) model. The department has begun the implementation process and expects to have the ASO up and running by January 1, 2012. The transition will result in savings that have already been contemplated in the Governor's biennial budget proposal.

The Department of Social Services (DSS) is not opposed to an evaluation of any of our programs; however, we recommend that any study undertaken by the department be done after the implementation of the new ASO model in order to evaluate the effectiveness of the model and any resultant savings.

H.B. No. 6518 (RAISED) AN ACT ESTABLISHING AN ADMINISTRATIVE SERVICES ORGANIZATION FOR THE MEDICAID PROGRAM

This legislation would require the Commissioner of Social Services, in consultation with the Commissioners of Mental Health and Addiction Services, Developmental Services and Children and Families, or said commissioners' designees, to conduct a study of the feasibility and best means of converting the state Medicaid program from the current managed care system to a self-insured system administered by an administrative services organization, as permitted under section 17b-261m of the general statutes. The

Commissioner would further be required to submit a report of the study findings to the joint standing committees of the General Assembly on or before November 15, 2011.

This bill creates another layer of study, consulting and reporting that is superfluous and unnecessary. Last session, the legislature approved language that gave the department flexibility to move forward with an ASO arrangement. There is no need for further study. As provided for under current statute, the Governor has directed DSS to transition Medicaid to a self-insured ASO model by January 1, 2012. This restructuring will realize significant savings, which is included in Governor Malloy's budget. In total, when fully annualized in FY 2013, the conversion to an ASO is expected to save \$29.5 million under HUSKY and \$56.6 million under fee-for-service. These savings are based on a combination of: (1) a more cost-effective and efficient administrative structure than the existing structure under managed care; and (2) medical efficiencies as a result of moving from the current unmanaged fee-for-service environment for aged, blind and disabled clients both in the community and nursing homes, as well as low-income adults under LIA. DSS has begun to move forward with the implementation of an ASO model and expects to issue a Request for Proposals by March 31, 2011. Any delay in the procurement, planning and implementation of this initiative will delay improvements in quality and outcomes and defer the projected savings contained in the Governor's budget. DSS is actively engaging the General Assembly's Medicaid Care Management Oversight Council and its many subcommittees in the planning and roll out of the ASO, and will be seeking input from provider and client stakeholders. Given the complexity of the tasks ahead and the tight timeframe required to meet an implementation date of January 1, 2012, we oppose this bill as it will divert precious resources away from the important tasks that lie ahead.

H.B. No. 6520 (RAISED) AN ACT CONCERNING RESULTS-BASED ACCOUNTABILITY

This bill would require that the Commissioner of Social Services report annually, beginning in January 2012 through January 2017, on the ongoing implementation of the Healthy Start program using a results-based accountability framework. Furthermore, the bill would require the Children's Trust Fund to use a results-based accountability framework for its twice-yearly Nurturing Families Network (NFN) report. While the department is not opposed to the reporting requirements in the bill, we would request that the proponents consider combining the NFN report in Section 2 into the Children's Trust Fund annual report which is required under CGS Section 17b-751(c). This would make the Children's Trust Fund's reporting functions more efficient and consistent with current efforts to streamline governmental functions.

S.B. No. 1126 (RAISED) AN ACT CONCERNING FEDERAL SANCTIONS

This bill would require the department to report to both the majority and minority leadership of the General Assembly and to the chairpersons of the Appropriations and Human Services committees when the federal government notifies the agency that they

are likely to or will be imposing sanctions or fines. Currently, under CGS Section 17b-14, the department is already required to report to the leadership of the General Assembly within five days of notification of federal sanctions or fines. The report must include a description of the circumstances resulting in the sanction and the actions proposed to address such circumstances. While we do not oppose the reporting of such information to the General Assembly, the provisions of this bill are substantially similar to existing statute and therefore it would be more appropriate to amend existing statute to add additional reporting entities.